

ASSEMBLY BILL

No. 1318

Introduced by Assembly Member Maddox

February 21, 2003

An act to add Article 5.4 (commencing with Section 11629.6) to Chapter 1 of Part 3 of Division 2 of the Insurance Code, relating to automobile insurance.

LEGISLATIVE COUNSEL'S DIGEST

AB 1318, as introduced, Maddox. Low-cost automobile insurance.

Existing law requires that every driver and every owner of a motor vehicle at all times be able to establish financial responsibility. Existing law provides that evidence of financial responsibility may be established, among other ways, by documentation that the driver or owner is insured under a policy or bond subject to a limit of not less than \$15,000 because of bodily injury to or death of one person in any one accident, not less than \$30,000 because of bodily injury to or death of 2 or more persons in any one accident, and not less than \$5,000 because of injury to or destruction of property of others in any one accident. Existing law also requires an automobile liability policy to include uninsured motorist coverage, as specified.

This bill would establish the California Low-Cost Auto Insurance Program, which would allow for the purchase of automobile insurance meeting the state's financial responsibility laws with coverage in the amount of \$10,000 for bodily injury to, or death of, each person as a result of any one accident, \$20,000 for bodily injury to, or death of all persons as a result of any one accident, and \$3,000 for damage to property of others as a result of any one accident. The bill would provide that uninsured motorist coverage issued in conjunction with a low-cost

automobile policy under the program, with coverage limits at least equal to the limits of liability in the underlying low-cost automobile policy, shall satisfy the uninsured motorist requirement.

The bill would specify that a policy issued under the program shall provide liability coverage only for economic damages, and may not cover pain and suffering or other noneconomic or general damages. It would require the policy to include a provision prohibiting the insured from recovering any noneconomic or general damages in connection with any event involving damages otherwise covered under the policy.

Vote: majority. Appropriation: no. Fiscal committee: no. State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Article 5.4 (commencing with Section 11629.6)
2 is added to Chapter 1 of Part 3 of Division 2 of the Insurance Code,
3 to read:

4
5 Article 5.4. California Low-Cost Auto Insurance Policy Act of
6 2003
7

8 11629.6. There is established the California Low-Cost Auto
9 Insurance Program, through which low-cost automobile insurance
10 that satisfies the state's financial responsibility laws may be
11 purchased by individuals meeting eligibility requirements.

12 11629.62. (a) A low-cost automobile insurance policy for
13 purposes of the program established under this article shall have
14 the following attributes:

15 (1) The policy shall offer coverage in the amount of ten
16 thousand dollars (\$10,000) for bodily injury to, or death of, each
17 person as a result of any one accident and, subject to that limit as
18 to one person, twenty thousand dollars (\$20,000) for bodily injury
19 to, or death of, all persons as a result of any one accident, and three
20 thousand dollars (\$3,000) for damage to property of others as a
21 result of any one accident.

22 (2) The policy shall provide liability coverage only for
23 economic damages. It may not cover pain and suffering or other
24 noneconomic or general damages.

25 (3) The policy shall include a provision prohibiting the insured
26 from recovering any noneconomic or general damages in

1 connection with any event involving damages otherwise covered
2 under the policy.

3 (b) Notwithstanding the coverage amounts required by
4 Sections 11580.2 and 16056 of the Vehicle Code, uninsured
5 motorist coverage issued in conjunction with a low-cost
6 automobile policy under the program, with coverage limits at least
7 equal to the limits of liability in the underlying low-cost
8 automobile policy, shall satisfy the requirements of Section
9 11580.2 and the financial responsibility requirements of Sections
10 4000.37, 16021, and 16431 of the Vehicle Code.

11 (c) Notwithstanding the coverage amounts required by Section
12 16056 of the Vehicle Code, a low-cost automobile policy issued
13 under the program shall satisfy the financial responsibility
14 requirements of Sections 4000.37, 16021, and 16431 of the
15 Vehicle Code.

